

COMMERCIAL ADVERTISER

WALTER G. SMITH : : : : : EDITOR.
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THE CORPORATION IDEA.

Comment was made in this paper, a few days ago, upon the opinion of a correspondent that profit-sharing would be a solution of the labor problem. It was stated that the idea was not new, reference being specifically to sugar-planting. Yet it is equally true that profit-sharing relative to industrialism in the broad has been making advances here and there, both in theory and practice, for many years. The evolution of the world's industries has gradually been compelling a revolution in the mode of thought of students of economics with regard to the relations between capital and labor.

Once upon a time, not a great while ago, the transition from rank of laborer or wage-earner to that of capitalist or wage-payer was easy. Often it meant but the price of a kit of tools and a month's rent of a workshop. The apprentice learning a trade looked forward to the ownership of a shop, wherein he would teach apprentices and employ journeymen. Even the common laborer wielding the pick and shovel would be of poorer than average ambition if he did not aim at employing a gang one day and taking contracts.

Now, through labor-saving inventions and the demands of commerce for production of manufactures on a vast scale, the day of the small manufactory has vanished. Its survivals of jobbing and repair shops are not adequate to satiate the ambition, for individual ownership, of the multitudes of young men constantly being recruited into mechanical trades. Even in the domain of so-called unskilled labor the progress of invention has made it harder for the individual toiler to become an employer. No contractor on a large scale for mere ditching and banking of earth—such as the building of dams, for instance—can well get along without considerable of a plant.

Nevertheless the working man of whatever rank has not been shut off the road to emancipation from grinding toil bringing only mere subsistence. Many of the present day's captains of industry began the battle of life as plain workmen. The writer has in mind two large owners in a great steel-making corporation which they founded, whom he knew in his youth respectively as a ship's blacksmith and an artificer in a village forge. They and others like them steadily worked up through degrees of comparatively small ownership to possession of large corporation interests. Still but a small proportion of workmen can travel that road starting nowadays, because the great industries have come into the condition of being necessarily vast groupings of working plants. Yet through the opportunities of purchasing small holdings of shares in "industrials," as manufacturing capital stocks are now called, as well as in great transportation concerns, the workingman of thrifty habits can have an interest in the big employing and profit-making enterprises. It is not necessarily such as furnish himself with employment in which he must invest his savings, yet "the corporation idea" now in mind contemplates, for securing the best results in harmonizing capital and labor especially, that the way should be particularly easy for the employee to obtain an interest in the concern by which he is employed. It is an idea of luring the working classes into stock speculation, for before it ever can have the fruition of general beneficence the law must furnish safeguards against stock jobbery that spells robbery.

A striking article has recently been contributed to The American Magazine by Judge Peter S. Grosscup of Chicago, in which he promotes the idea of the corporation as a substitute for socialism. He makes it clear that the realization of his ideal is not to come by act of Congress. It is only required, in his opinion, that the state legislatures lay "clean and firm in state law the foundations for the new corporation for the local industry. Beyond that the co-operation of the people in their own interests must be relied upon."

Judge Grosscup shows, as evidence of the evolution of the idea, that the stock of certain railways, some of them running out of Chicago, is held in large part by farmers and inhabitants along the roadbed. This brings the ownership of the company to the masses. Also he cites the form of corporation that helps its employees to purchase its shares at their market value by lending them the money. One of the largest manufacturing companies in Chicago distributes every year from five to ten per cent. of the net earnings of the preceding year to the employees of the firm.

Socialism, Judge Grosscup believes, is a step backward, not forward—"a doubling back on the road along which the race has come from the days when no man had a hope of his own or an individual part in the destiny of things." He thinks that, just as it is impossible for a government, no matter how careful, to secure the best service, so it would be for government-owned enterprises and corporations to secure the best service. A change in corporation policy, such as he suggests, he feels would bring home concretely the fact that the bulk of the wealth of the country is still in the hands of the people. They own the largest part of the nation's bonds and have immense sums invested in insurance and trust companies.

"Though no exact facts are at hand on which to base a statement," Judge Grosscup observes, "I believe it is safe to say that the people of America have financial means at hand to possess themselves, at fair prices, of enough of the new great domain of property to make it as widely individualized as the farms of America."

An esteemed citizen has suggested to the Advertiser that the Board of Supervisors should pass an ordinance to prohibit fireworks and firecrackers on the 4th of July. His argument is chiefly that the exceeding dryness of the season has made the town particularly liable to danger from fire. It would really be a most wonderful Fourth without powder-burning, yet there is much reason for great precautions to be taken. While prohibition would be taking dealers in pyrotechnics at unduly short notice, not to mention its making a lifelong reminiscence of gloom for thousands of youngsters, restrictions or times and places might possibly be imposed upon the fire-producing diversions.

Both the judge and the practitioners of the United States District Court for Hawaii are to be congratulated on the provision made by Congress for a library all that court's own. They can never forget Congressman Hepburn of Iowa who has been the chief agent on their behalf for procuring the great convenience. Just a few more potential friends of Hawaii like "Uncle Pete" in Congress and Honolulu would soon have that Federal building.

Mainland financial experts are expressing cheerful views of business prospects for the harvest season now being entered. With sugar holding its own while the Hawaiian crop is nearly marketed, this Territory ought to expect a fair share of the nation's good times.

A pest upon mangoes on Oahu and a pest upon limes on Hawaii are rather discouraging presences to the fruit culturist. Yet just as bad pests on other growths in these islands have been suppressed by patient and intelligent warfare upon them.

From the hold that patriotic exercises have taken upon the motley school population of Hawaii it would appear that, in one respect at least, the Territory is being "developed along American lines."

Mani ought to be called the "Merry Isle." With it, in number and variety of indoor and outdoor diversions, at all seasons, crowded upon the calendar's fleeting film, no other island can compete.

Having receded into its shell of secrecy, how is the Chamber of Commerce going to impress its stamp upon the coming Legislature, through the elections, as J. P. Morgan lately urged it must do?

Silence is anything but golden when a call has been made for expressions of public opinion upon matters of needed legislation to be discussed by the people at the polls.

"The Boy Orator" is all right. Governor Carter could not have a more graceful sponsor on a postprandial occasion than Vice-Governor Bernard Kelokolo.

A set speech by Judge Dole when printed makes good filling for a scrapbook of current classics.

Either of the yachts still out will have all that there is in the race excepting the first prize.

BUSINESS

Following are excerpts from the special circular of Henry Clews, dated New York, June 9:

The stock market is in rather an unusual condition. While sellers are exceedingly optimistic, buyers are conservative and more or less critical. General conditions continue excellent outside of the stock market, and are much in favor of holders. The local monetary situation, for instance, steadily improves. Funds are returning from the interior and large amounts (fully \$12,000,000 thus far) have been sent back from San Francisco, so that our bank reserves ought to show a rising tendency. Call loans have consequently been easy, indicating a better supply of money for immediate needs, although time money is still held at fairly good rates. In the foreign markets easy conditions also obtain, and the outlook is for a continuance of these favorable conditions.

The American business situation is eminently satisfactory. Crop prospects thus far are certainly encouraging. A fine winter wheat crop is practically assured and good prices will be secured by the farmer. Other grain crops also promise well at this date, although corn planting is a trifle late. A moderate increase in the cotton crop is also anticipated and the Southern planter is justified in expecting another profitable season. All over the United States the agricultural classes are enjoying very unusual prosperity through the good prices obtained for their products. This should assure the country another good fall and winter trade.

Railroad earnings continue to show liberal gains, the totals for the fourth week in May of 24 roads showing a gain maintain a good average over last year. Clearing house returns at the leading cities show very moderate gains, the total last week being only about 1 per cent. greater than a year ago. This is due chiefly to a large decline at New York, where speculation is much less active than a year ago. In many of the interior cities, especially in the West, it is noticed that bank clearings still maintain a good average over last year. Another bright spot in the general situation is the iron and steel trade. The demand for all sorts of iron products continues remarkably heavy and there is no sign whatever of abatement. For months to come the railroads, which consume fully 60 per cent. of the nation's products, are going to be heavy buyers of iron and steel, not only for renewals but for very unusual amounts of new mileage. The steel rail product for 1906 is oversold and orders for over 1,000,000 tons are already on the books for 1907. With such satisfactory conditions in the important departments of industry just noted it is impossible to be pessimistic regarding the future.

Within the stock market, conditions are not so eminently satisfactory. Some of the encouraging features above alluded to have been well discounted. Prices are exceedingly high; so high, in fact, that investors are not rushing for stocks when they can secure more profitable employment for their money in other directions. Another deterrent feature is the large present and prospective increase in the supply of new securities. The bond market is already badly congested with new issues which investors will not take until money market conditions improve. At the same time it is well known that the railroads will be obliged to raise considerable amounts of new capital during the next few weeks, either through new stock and bond issues or short term notes.

The situation is one that favors an upward trend in values, with occasional reactions. Stocks have been accumulating in stronger hands, and no doubt everything will be done to keep the market in good form. There is a large amount of money in this market awaiting investment, and nothing but the fact that shrewd investors consider prices too high prevents a quick absorption of floating securities. A decline in time money rates just now would inevitably stimulate investment buying. July disbursements will soon be available. Last year they aggregated \$135,000,000 and this year they will be even greater. June and July should witness a comparatively easy money market, but when the crop movement sets in higher rates must be again expected. No undue stringency, however, is probable while our credit abroad remains as strong as it now is.



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